From:	Stan Sokolowski <ssokolowski@cifc.com>
To:	Stan Sokolowski <ssokolowski@cifc.com>
CC:	
Date:	Mon, 10/20/2014 6:06:22 PM
Subject:	Daily Update

Quote of the Day

"Risk means more things can happen than will happen." – Elroy Dimson

---

- Are we going up or down from here? I don't know. The signals we are getting indicate slower growth and lower inflation. In this environment we are focusing on core names and higher quality risk while thinking very hard about higher beta, lower rated, growth and commodity exposed issuers. Investor focus continues be on the "E's". Economy, Earnings, Europe and Ebola. The US economy appears "OK". Europe and China are messy (there is a Conference Board report due out today that suggests China's growth is set to slow to 3.9% in the coming years). IBM and SAP missed this morning but others are coming in OK. The ECB has started buying assets and Ebola seems to be settling down a bit. Hilsenrath article in the WSJ says the Fed's QE and rate plan is still on track. A number of commentators are referring to fundamentals (which remain "good") vs. psychology (which is "horrible"). Let's remember that fundamentals are backward looking and psychology can become self-fulfilling… Eminis: -6 ¾ 10 year: 2.16%

- Data: Nothing today. China posts GDP and other numbers tonite.

- Credit: Loans had a nice rebound on Friday. Today we are flat to downish. The calendar is down a bit but retail outflows continue and CLOs are beginning to struggle. Loans are down $1.5 and HY is down $3.3 since September. Last week 72% of the OWIC and 52% of the BWIC traded (weakish to me)

- Earnings: 15% of S&P 500 has reported. Top line surprise is flat (0.66%) and Earnings are =4.31% (vs. exp)

- Chart(s) of the day:

Impact of Oil Prices

Energy costs in 2012

Pre-tax income	<$50K	≥$50K	Average
Est. average after-tax income	$22,390	$84,263	$53,229
Percentage of households	50.40%	49.60%	100.00%
Residential energy	$1,848	$2,554	$2,131
Transportation fuel	$2,951	$4,953	$3,957
Total energy	$4,799	$7,507	$6,088
Energy pct. of after-tax income	21.4%	8.9%	11.4%
Memo: 2001	11.9%	5.3%	6.8%

Source: BofA Merrill Lynch Global Research, Eugene Trisko "Energy Cost Impact on American Families 2001-2012", February 2012

- Other:
  - More quack on hedge funds http://online.wsj.com/articles/pension-funds-eye-reducing-hedge-fund-investments-1413762698?mod=WSJ_hp_LEFTTopStories
  - The future is here http://dealbook.nytimes.com/2014/10/19/shouts-on-bond-trading-floor-yield-to-robot-beeps/?_php=true&_type=blogs&_r=0
  - Fromage with that budget monsieur? http://www.cnbc.com/id/102100324
  - Concerns around the globe:

- CSLLI: -0.47% / 1.96%
- IG:71 ¾ (+1 7/16)
- HY: 105 ½ (-1/8)

Stan Sokolowski
Senior Portfolio Manager, Head of Portfolio Management and Trading
CIFC Asset Management LLC
250 Park Avenue, 4th Floor | New York, NY 10177
☎ (D) +1 212.624.0931 | (C) +1 203.918.3022
✉ ssokolowski@cifc.com | www.cifc.com

This communication and any files transmitted with it are confidential and intended only for the specified addressee. If you have received th